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CARDIN CALLS FOR SWIFT ACTION ON GLOBAL CLIMATE CHANGE LEGISLATION

Landmark Legislation Helps Build a Sustainable Future

Washington, DC – **U.S. Senator Benjamin L. Cardin**, a member of the Environment and Public Works Committee, spoke in support of the **Lieberman-Warner Climate Security Act** (Boxer substitute) on the floor of the United States Senate today. The following is an excerpt of his remarks. His full floor statement is available at cardin.senate.gov.

“Today, America takes a major step forward in reasserting our leadership on the world stage. The **Lieberman-Warner Climate Security Act** would be the most aggressive climate change bill in the world, slashing American greenhouse gas emissions by two-thirds by mid-century, putting America in the lead in reducing harmful emissions.

“The Climate Security Act is truly historic. It will transform the American economy, positioning us to continue our global leadership for decades to come. Energy efficient, high performance businesses will flourish here and serve as international leaders in ushering in sustainable economic growth around the world.

“Retooling the American economy for the 21st Century will put us in charge of our own energy supplies. Today, too much of our national energy needs are supplied by other nations. Our reliance on foreign oil weakens our position in the world. We are sending massive infusions of American dollars to oil-rich countries that don’t share our values and are often active opponents of American foreign policy. We know that some of those petro-dollars have been used to finance terrorists. This bill will put us on a path to energy independence and that’s a path to improved national security.

“Dramatically reducing greenhouse gas emissions is essential to the environmental health of our planet. This legislation goes further, providing billions of dollars in resources to plant forests, grow sustainable sources of bio-fuels, and protect and restore our most precious natural resources like the Chesapeake Bay.

“I am especially proud of a section of the bill I authored that will direct about \$171 billion, over the life of the bill, to states and localities for public transit nationwide. About two-thirds of this money will go to support existing systems like Washington Metro, MARC and MTA, while about 30 percent will help develop new systems that will take more and more cars off our roads, cut dangerous emissions, ease congestion, and reduce our dependence on foreign energy sources like OPEC.

“The Lieberman-Warner Climate Security Act is good for our economy, critical for our national security, and essential for the health of our environment. This bill will reassert American leadership among the nations of the world. And we will do it the way America has always done it – with ingenuity and hard work and leadership by example.”

The Boxer Substitute Amendment to S. 3036, the *Lieberman-Warner Climate Security Act of 2008*

May 29, 2008

Summary and Background

http://dpc.senate.gov/dpc-new.cfm?doc_name=lb-110-2-93

In September 2000, then-Governor Bush made a campaign pledge to work with Congress, environmental groups, and industry to "reduce emissions of sulfur dioxide, nitrogen oxide, mercury and carbon dioxide within a reasonable period of time" from power plants using an emissions trading system. Soon after taking office however, President Bush reversed that pledge and the Bush/Cheney Administration has allowed greenhouse gas emissions to increase without cost to polluters and without concern for how those emissions will impact the lives of our children and grandchildren and the global environment.

Since the beginning of the 110th Congress, Senate Democrats have worked to address the challenges posed by climate change. The bipartisan agreement that Senators **Boxer**, **Lieberman**, and Warner helped develop in **S. 3036**, the *Lieberman Warner Climate Security Act of 2008*, is a very important step toward meeting that challenge. The legislation would mandate that greenhouse gas emissions from covered sources be reduced by 19 percent below current levels by 2020 and 71 percent by 2050. The bill also recognizes the role that improvements in energy technology will play in reducing greenhouse gas emissions by investing projected auction revenues into energy efficiency, renewable energy, carbon capture and sequestration, hybrid vehicles, and cellulosic biofuels, and establishes significant assistance to alleviate energy price impacts on consumers and energy-intensive industries.

Senators **Boxer**, **Lieberman** and Warner have prepared a managers' substitute amendment for **S. 3036**. This Legislative Bulletin provides a summary of that substitute, which is expected to be the first order of business following the cloture vote on the motion to proceed to **S. 3036**.

Major Provisions

Title I-Immediate Action

Title I of the substitute amendment would take the critical, immediate steps necessary to begin regulating greenhouse gases by creating a greenhouse gas tracking system and fund energy efficiency improvements in buildings, appliances, and vehicles. This title would also fund research about the impacts that climate change will have on water supplies, how to improve coal use, and other key issues.

Title II-Capping Greenhouse Gas Emissions

Title II of the substitute amendment would establish a "cap" on greenhouse gas emissions that declines by about two percent per year from 2005 levels. The bill would reduce emissions from covered facilities by 19 percent below current levels by 2020 and 71 percent by 2050. The bill is estimated to reduce total U.S. emissions (from all sources, capped and non-capped) by up to 66 percent by 2050. About 2,100 large covered facilities such as power plants and refineries are required to submit "allowances," essentially permits to emit greenhouse gases.

Title III-Reducing Emissions Through Offsets and International Allowances

The substitute amendment would encourage farmers and foresters to plant trees or cultivate their soil so that the soil sequesters more carbon, which would entitle them to sell greenhouse gas "offsets" (documented and marketable credits for sequestration of carbon in trees or in soil). Approved offsets could then be sold to covered facilities, which can submit domestic offsets to represent up to 15 percent of their required reductions in greenhouse emissions. This title would also provide an estimated \$300 billion through 2050 for agriculture and forestry programs that reduce greenhouse gas emissions or increase sequestration, but that do not qualify to be used as offsets.

The title would also allow covered U.S. facilities to meet up to 15 percent of their greenhouse gas reduction compliance obligations through offsets and allowances from other countries, subject to specific rules and restrictions.

Title IV-Establishing a Greenhouse Gas Emission Allowance Trading Market

Title IV of the substitute amendment would create a market to allow flexible trading of allowances (permits to emit greenhouse gases) through a system that promotes greenhouse gas emission reductions in the least expensive and verifiable method possible. This market would allow those covered entities that act aggressively to meet the mandated greenhouse gas reductions to trade unused allowances to other covered entities. The amendment would also include strengthened tools to prevent market manipulation and disruption.

The substitute amendment would authorize the creation of the Carbon Market Efficiency Board and the Climate Change Technology Board. These Boards would help provide facilitate needed market oversight, reporting, and technology funding in order to meet the needs of reductions in greenhouse gas emissions.

Title V-Federal Program to Prevent Economic Hardship

Title V of the substitute amendment would fund the following measures to help prevent economic disruption:

- Banking and borrowing of allowances to reduce costs;
- The automatic release of additional emission allowances if the price for previously available allowances reaches certain levels, to keep costs down;
- \$800 billion in projected tax relief (as determined by the Senate Finance and House Ways and Means Committees) through 2050 for energy price assistance to consumers, especially consumers in greatest need;
- \$307 billion in projected funding through 2030 for fossil fuel utilities to help adapt to the cap and trade program;
- \$213 billion in projected funding through 2030 for carbon intensive industries like iron, steel, and chemical businesses to help them adapt to the cap and trade program;
- \$190 billion in projected funding through 2050 for Energy Efficiency and Renewable Energy worker training and Climate Change Worker Assistance Program to make sure that workers have the training and skills needed to compete in the new market;
- \$34 billion in projected funding through 2030 for oil refiners to help adapt to the cap and trade program; and
- \$20 billion in projected funding through 2030 for natural gas producers to adapt to the cap and trade program;

Title VI-Partnerships with States, Localities and Indian Tribes

Title VI of the substitute amendment funds the following measures to help promote energy efficiency, mass transit, rebates to energy consumers, and state-tailored steps to transition to a low-carbon economy. The title also seeks to help states and tribes adapt to the impacts of climate change on infrastructure, populations and wildlife. The substitute amendment would provide:

- \$911 billion in projected funding through 2050 to consumers through local electricity and gas utilities (local distribution companies) to ensure that consumers are protected from increases in energy costs, and to promote low-carbon energy and energy efficiency;

- \$566 billion in projected funding to reward states that help reduce greenhouse gas emissions so they can help reduce energy price impacts on low income consumers, promote energy efficiency, and address the local impacts of climate change;
- \$254 billion in projected funding through 2050 to states that rely heavily upon manufacturing and coal to help them adapt to the cap and trade program;
- \$253 billion in projected funding through 2050 to states and Indian tribes to help them adapt to climate change impacts, including impacts on coastal Indian tribes, States along coastal areas, water resources, and agriculture;
- \$237 billion in projected funding for natural resource adaptation through 2050 for the Land and Water Conservation Fund and other programs;
- \$171 billion in projected funding for mass transit through 2050; and
- \$136 billion in projected funding for local governments through 2050 for the Energy Efficiency and Conservation Block Grant Program, which was created by the *Energy Independence and Security Act of 2007*;

Title VII-Recognizing Early Action

Title VII of the substitute would authorize the distribution of \$34 billion in allowance value for companies that have taken early action to reduce greenhouse gas emissions.

Title VIII-Efficiency and Renewable Energy

Title VIII of the substitute amendment would fund the following measures that will help to promote the use and development of energy efficiency and renewable energy:

- \$150 billion in projected funding through 2050 for renewable energy technologies;
- \$51 billion in projected funding through 2050 to encourage the construction of highly-efficient commercial buildings and energy efficiency retrofits;
- \$51 billion in projected funding through 2050 to reward retailers and distributors for increasing their sales of high efficiency building equipment, electronics and appliances to consumers; and
- \$51 billion in projected funding through 2050 to support manufacturers that achieve high energy efficiency gains at their manufacturing facilities.

Title IX-Low Carbon Electricity and Advanced Research

Title IX of the substitute amendment would fund the following measures to deploy low carbon technology and advanced energy research at the Department of Energy:

- \$92 billion in projected funding through 2050 for a program to assist in deploying low carbon electricity technology. Low-or zero-carbon technologies can include nuclear power and solar energy and the manufacture of key components;
- \$17 billion in projected funding through 2050 for advanced energy research at the Department of Energy.

Title X-Future of Coal

Title X of the substitute amendment would fund the following measures to speed up the large scale commercialization of carbon capture and sequestration:

- \$17 billion dollars in projected funding for carbon capture and sequestration technology;
- An estimated \$118 billion in bonus allowances for the development of technologies that allow for the geologic sequestration of carbon dioxide; and
- Ensure the appropriate regulation of underground carbon dioxide storage and pipelines.

Title XI-Future of Transportation

Title XI of the substitute would fund the following measures to adapt our nation's transportation system to a cap and trade program:

- \$68 billion in projected funding to help auto manufacturers develop advanced vehicle technologies like plug-in hybrids, fuel cell vehicles, and advanced light duty diesel;
- \$4 billion in projected early funding for a new program to support the changeover of large commercial truck fleets to fuel efficient hybrids; and
- \$26 billion in projected funding to develop cellulosic biofuels;

The title would also provide for a low-carbon fuel standard that would be harmonized with the renewable fuel standard;

Title XII-Federal Program to Protect Natural Resources

Title XII of the substitute amendment would fund \$288 billion in projected funding through 2050 to help protect our nation's natural resources from the threats posed by climate change. This title is designed to complement the state wildlife and natural resources funding found in Title IV.

Title XIII-International Partnerships to Reduce Emissions and Adapt to Climate Change

Title XI of the substitute amendment includes the following provisions to help ensure all major emitters of greenhouse gases enter into agreements mandating binding emission reductions:

- Directs the President to enter into international climate change negotiations and requires importers to submit allowances for foreign goods from countries without emissions limits;
- \$342 billion in projected funding through 2050 to help climate change adaption internationally and to protect national security;
- The availability of offset credits for reductions in international deforestation for emitters as well as \$68 billion in projected funding through 2050 for other deforestation prevention activities for countries which are not yet capable of participating in the offset program; and
- Greater availability for international technology transfers.

Title XIV-Reducing the Deficit

Title XIV would fund the proceeds from the auction of a portion of the allowances to be transferred into the U.S. Treasury to help ensure that the legislation remains deficit-neutral.

Title XV-Capping Hydrofluorocarbon Emissions

The substitute amendment would direct the Environmental Protection Agency (EPA) to set up a separate cap and trade program for hydrofluorocarbon emissions. Hydrofluorocarbon emissions represent a separate class of potent greenhouse gases used in air conditioners and refrigerators.

Title XVI-Periodic Reviews and Recommendations

The substitute amendment would require regular reviews of the latest scientific information and performance of the legislation by the National Academy of Sciences, to be followed by recommendations one year later from the Environmental Protection Agency (EPA). The amendment would also direct the President to deliver legislation updating the legislation in response to the EPA and NAS reports by 2020.

Title XVII-Miscellaneous

Title XVII of the substitute amendment contains a number of provisions that are designed to help make the cap and trade system more flexible. These provisions include allowing states the opportunity to take stronger action to reduce greenhouse gases emissions than what is mandated by **S. 3036** and the ability of the President, subject to a Congressional rescission or modification, to make an emergency declaration in order to modify any provision of the Act.

Legislative History

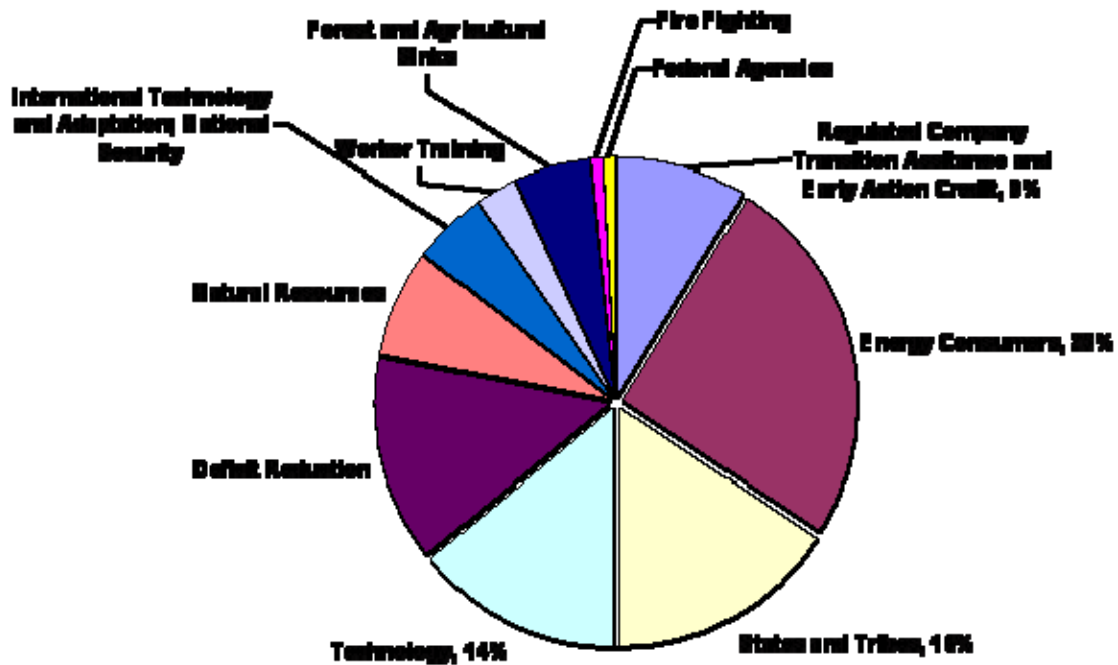
On December 5, 2007, the Environment and Public Works Committee approved **S. 2191**, *Lieberman-Warner Climate Security Act*, by a vote of 11-8. The legislation was approved with the support of Democrats, Independents, and a Republican.

On May 20, 2008, Senator **Boxer** introduced **S. 3036**, which contains the text of **S. 2191** but also includes a revision to address concerns raised by the Congressional Budget Office. Senator **Reid** used Rule XIV to place the bill immediately onto the Senate calendar.

Senators **Boxer**, **Lieberman**, and Warner have developed a substitute amendment to **S. 3036**. a copy which was sent to all Senators on May 26, 2008. A summary of that substitute was made available to Senators on May 16, 2008.

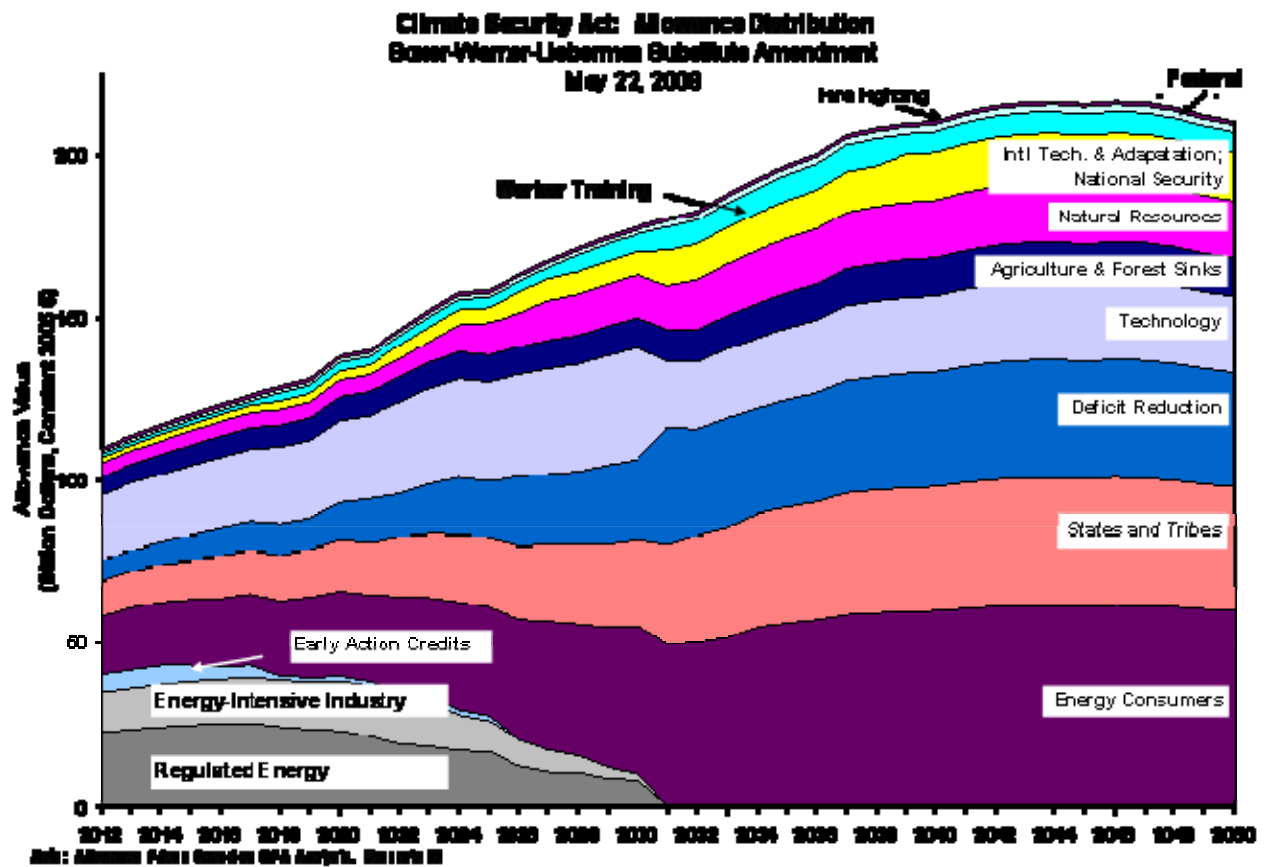
Appendix A: Allowance Distribution Chart

Climate Security Act: Allowance Distribution
Percent of Total Value, 2012-2050
Boyer-Warner-Lieberman Substitute Amendment
May 22, 2008



Art: Allowance Distribution Chart, the main 11

Appendix B: Allowance Distribution By Section



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